

Australian and New Zealand Standard Industrial Classification (ANZSIC)

2006

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PREFACE

The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been developed for use in the compilation and analysis of industry statistics in Australia and New Zealand.

The Australian Bureau of Statistics and Statistics New Zealand jointly developed this classification to improve the comparability of industry statistics between the two countries and with the rest of the world.

This 2006 edition of the ANZSIC replaces the 1993 edition, which was the first version produced. Prior to then, Australia and New Zealand developed separate standard industry classifications. ANZSIC 2006 reflects the outcomes of a substantial review of the classification, which included extensive consultation with users of the classification, such as government agencies responsible for policy formulation and administration, and non-government analysts of industry structure and performance.

The purpose of the review was to ensure that the classification remained current and relevant, reflecting the changes that have occurred in the structure and composition of industry since the previous edition and recognising changing user requirements for data classified to industry.

The conceptual framework underpinning the ANZSIC has been more rigorously and consistently applied in this edition. The publication includes detailed explanations of the classification principles and the treatments of certain types of activities.

International comparability has been enhanced by aligning the classification, as far as possible, with the upcoming revision of the International Standard Industrial Classification of All Economic Activities (ISIC) (Revision 4).

We gratefully acknowledge the assistance provided by many individuals and organisations in Australia and New Zealand in the review of the ANZSIC. We encourage other organisations to use the classification to improve the comparability and usefulness of industry statistics generally.

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February 2006

ABBREVIATIONS

| | |
|---------------|---|
| ABS | Australian Bureau of Statistics |
| ANZSIC | Australian and New Zealand Standard Industrial Classification |
| APRA | Australian Prudential Regulatory Authority |
| ASIC | Australian Standard Industrial Classification |
| BF | Business Frame |
| EG | Enterprise Group |
| EN | Enterprise |
| GEO | Geographic Unit |
| ISIC | International Standard Industrial Classification of All Economic Activities |
| IVA | Industry Value Added |
| KAU | Kind of Activity Unit |
| LE | Legal Entity |
| n.e.c. | not elsewhere classified |
| NAICS | North American Industry Classification System |
| NZSIC | New Zealand Standard Industrial Classification |
| SISCA | Standard Institutional Sector Classification of Australia |
| SNA | System of National Accounts |
| Statistics NZ | Statistics New Zealand |
| TAU | Type of Activity Unit |

CHAPTER 1

INTRODUCTION

PURPOSE OF THE ANZSIC

1.1 The Australian and New Zealand Standard Industrial Classification (ANZSIC) has been jointly developed by the Australian Bureau of Statistics (ABS) and Statistics New Zealand (Statistics NZ).

1.2 An individual business entity is assigned to an industry based on its predominant activity. The term 'business entity' is used in its widest sense to include any organisation undertaking productive activities, including companies, non-profit organisations, government departments and enterprises.

1.3 Arranging the large amount of data available about businesses into groupings that are both analytically useful and which users can understand, can be done in a number of ways. In economic statistics, this is usually achieved by either classifying the information relating to the operations of businesses (e.g. grouping all income items together); or by classifying the business units about which the data have been collected (e.g. grouping all the data about businesses operating in Tasmania).

1.4 An industrial classification is one way to organise data about business units. It provides a standard framework under which business units carrying out similar productive activities can be grouped together, with each resultant group referred to as an industry.

1.5 The ANZSIC provides a basis for the standardised collection, analysis and dissemination of economic data on an industry basis for Australia and New Zealand. Use of the ANZSIC results in improved comparability of industry statistics produced by the two countries. Prior to the development of ANZSIC 1993, separate national industrial classifications were used in Australia and New Zealand.

1.6 As well as being the standard industrial classification that underpins ABS and Statistics NZ industry statistics, the ANZSIC is widely used by government agencies, industry organisations and researchers for various administrative, regulatory, taxation and research purposes throughout Australia and New Zealand.

1.7 ANZSIC 2006 has been developed to provide a more contemporary industrial classification system. Changes in the structure and composition of the economy, changing user requirements and comparability with international standards have been taken into account. This 2006 edition of the ANZSIC replaces the 1993 edition.

UNIT OF CLASSIFICATION

1.8 Businesses can be represented in various ways for particular statistical and other purposes. Statistical agencies use the term 'unit' to refer to the representation of businesses used for particular collections of data from businesses and for the production of particular statistical outputs relating to them.

UNIT OF CLASSIFICATION

continued

1.9 A range of business units are used for different statistical purposes e.g. producing units are used for industry statistics and institutional units are used for financial statistics. The units and their relationships to each other are described within a units model. The type of business unit to be classified to industry is a critical design element for any industrial classification. Industrial classifications designed for a particular unit of classification may be less suitable, or entirely unsuitable, for application to other types of business units.

1.10 Chapter 3 describes the unit of classification used for the development of the ANZSIC. The unit models used by the ABS and Statistics NZ in the compilation of their official statistics are outlined in Appendices 1 and 2, with most emphasis on the producing units used for industry statistics.

INTERNATIONAL STANDARDS

1.11 The International Standard Industrial Classification of All Economic Activities (ISIC) was adopted by the United Nations in 1948 and is used as the international standard for guiding work on national industrial classifications.

1.12 Revisions of the ISIC were issued in 1958 (Rev. 1), 1968 (Rev. 2) and 1990 (Rev. 3). A minor update of ISIC Rev. 3 was issued in 2002 (Rev. 3.1). A further major revision of the ISIC is well advanced and is expected to be released in 2007 (Rev. 4).

1.13 Australia and New Zealand have for many years endeavoured to align their industrial classifications with the ISIC as far as possible. However, the degree of alignment able to be achieved is sometimes adversely affected by competing classification principles e.g. a different organisation or structure of Australian or New Zealand industry, or a lack of significance of some internationally recognised economic activities in the two economies. Notwithstanding this, ANZSIC 2006 is expected to achieve international comparability to a greater extent than earlier industrial classifications. Refer to correspondences in Chapter 10.

PREVIOUS NATIONAL CLASSIFICATIONS

1.14 During the late 1960s, the then Commonwealth Bureau of Census and Statistics drew together the several distinct classifications then in use in Australia to produce the first Australian Standard Industrial Classification (ASIC). The original 1969 edition of the ASIC was based at the broader levels on the ISIC, with some modifications to allow for comparability with previously used classifications. The structure and composition at the finer levels were derived from extensive investigations into the activity mix characteristics of Australian businesses.

1.15 Revised editions of the classification were released by the ABS in 1978 and 1983. The 1978 edition reflected an extensive review of the 1969 edition, involving a substantial program of empirical investigation and analytical work. Numerous changes were made, mainly affecting the definitions of individual industry classes. There was little change at the higher levels of the classification. The 1983 edition updated the 1978 edition in respect of the Transport and Storage industries.

1.16 The first New Zealand Standard Industrial Classification (NZSIC) was issued in 1970, based on ISIC Rev. 2, but adapted to the New Zealand environment. It replaced a modified form of the original 1948 edition of the ISIC, which had been used by Statistics NZ from 1948. A second edition of the NZSIC was produced in 1975, with more detail in

PREVIOUS NATIONAL
CLASSIFICATIONS
continued

some areas, and a third edition was produced in 1987. The second and third editions of the NZSIC were also based on ISIC Rev. 2.

DEVELOPMENT OF THE
ANZSIC

1.17 In 1985, the ABS commenced a major review of the ASIC. The principal objectives were to improve the alignment with ISIC; to achieve a better balance across the classification by giving more attention to the services sector, including segments relating to the culture, entertainment and other recreational industries; and to take account of the effects of technological changes and changes in the structure of industry generally since the previous edition.

1.18 The possibility of Australia and New Zealand using a common industrial classification was first raised in 1990 while the ASIC review was continuing. A succession of economic agreements between Australia and New Zealand have operated since 1922. The statistical agencies have met regularly to monitor the progress of the economic relationship and to share experiences and explore common interests. Joint working relationships have been established to harmonise statistics where practicable.

1.19 As the two statistical agencies used similar principles to create their national industrial classifications, they were able to agree on the principles and strategy for development of a single classification to meet the requirements of both countries. A particular consideration was the need to update each country's classifications to align with ISIC Rev. 3 issued in 1990.

1.20 Agreement was reached on a joint work program, which leveraged off the work already undertaken on the ASIC review. The first edition of the joint classification (ANZSIC) was released by the two agencies in 1993.

ANZSIC STRUCTURE

1.21 The ANZSIC is a hierarchical classification with four levels, namely Divisions (the broadest level), Subdivisions, Groups and Classes (the finest level). At the Divisional level, the main purpose is to provide a limited number of categories which provide a broad overall picture of the economy and are suitable for the publication of summary tables in official statistics. The Subdivision, Group and Class levels provide increasingly detailed dissections of these categories for the compilation of more specific and detailed statistics.

1.22 The hierarchical structure of the ANZSIC is illustrated below.

| <i>Level</i> | <i>Example</i> |
|--------------|---|
| Division | C Manufacturing |
| Subdivision | 11 Food Product Manufacturing |
| Group | 111 Meat and Meat Product Manufacturing |
| Class | 1111 Meat Processing |

ANZSIC REVIEW

1.23 The review of ANZSIC 1993 commenced in January 2000. There was extensive consultation with users of the ANZSIC in Australia and New Zealand throughout the review process, with the outcomes reflected in this, the 2006 edition of the ANZSIC. There were several broad objectives set for the project.

A contemporary industrial classification

1.24 Industrial classifications need to be periodically reviewed to ensure they remain current and relevant, reflecting the changes that have occurred in the structure and composition of industry since the previous version, as well as satisfying emerging user requirements for industry data.

1.25 The benefits of any updates and improvements to the classification need to be assessed against, and be clearly worth, the significant costs in reworking statistical collections and outputs, changing administrative database designs, and revising statistical time series to reflect the new classification.

1.26 Since ANZSIC 1993 was developed, there have been changes in the structure, composition and organisation of industrial and business activities in Australia and New Zealand. New materials, technologies and production techniques have been adopted and some of these have affected the way industry and businesses operate. New industries and activities have emerged and need to be reflected in the classification.

1.27 The requirements of users of industry statistics have also changed. In particular, consideration needs to be given to better support alternative industry views, i.e. those different from the standard concepts embodied in the classification, e.g. tourism.

A stronger conceptual basis

1.28 ANZSIC 1993 used a mixture of supply and demand-side concepts in defining industries. This led to the classification prescribing different treatments for some very similar productive activities because of the different clients served.

1.29 The conceptual framework adopted for the development of ANZSIC 2006 uses supply-side based industry definitions and groupings. Using this approach, business units engaged in similar productive activities are grouped together. Units in an industry therefore exhibit similar production functions (a term used to describe the transformation of intermediate inputs, through the application of labour and capital, to produce outputs).

Alignment with international standards

1.30 Aligning the ANZSIC with international standards as far as possible maximises the comparability of Australian and New Zealand industry statistics with those of the rest of the world. In the interests of international statistical comparability, ANZSIC 2006 aligns with the ISIC and the North American Industry Classification System (NAICS) at the subdivision level as far as practicable.

1.31 In the ANZSIC review, close consideration was given to the work undertaken in recent years on the ISIC and the NAICS. Australia and New Zealand have been involved in international meetings reviewing the bases of these classifications. To the extent considered appropriate to Australian and New Zealand conditions, ANZSIC 2006 therefore reflects the latest international work on industrial classifications.

Other principles

1.32 The development of ANZSIC 2006 applied a number of important principles normally followed in the development of industrial classifications or for standard classifications generally. ANZSIC 2006 categories have been designed to reflect the structure of Australian and New Zealand industry, and for use in the collection, compilation and presentation of industry statistics.

*Other principles
continued*

1.33 In most instances, industry classes have been formed only if the activities they cover are economically significant in either Australia or New Zealand and the businesses classified to them are homogeneous in terms of industrial activity. ANZSIC categories are mutually exclusive and comprehensive in their coverage of productive economic activities.

1.34 Chapter 2 provides more detailed information on the classification principles followed in the development of ANZSIC 2006. Chapter 4 describes the methods that should be followed in classifying businesses according to the ANZSIC. Chapter 5 provides further information on the treatment of certain activities.

CHANGES FROM ANZSIC
1993

1.35 ANZSIC 2006 separately identifies 19 divisions, compared with 17 in ANZSIC 1993.

1.36 A new Information Media and Telecommunications Division has been introduced. It groups units mainly engaged in the creation and storing of information products for dissemination purposes; transmitting information products using analogue and digital signals; and providing transmission and storage services for information products. This has been identified as a rapidly growing sector in the Australian and New Zealand economies since the last review. The proposed ISIC Rev. 4 and NAICS 2002 also recognise these activities in a separate Division.

1.37 The very large and diverse Property and Business Services Division in ANZSIC 1993, together with some other services, has been rearranged into three new divisions in ANZSIC 2006: Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; and Administrative and Support Services. The three separate divisions again align with the proposed ISIC Rev. 4 and NAICS 2002.

1.38 ANZSIC 2006 identifies 86 subdivisions, compared with 53 in ANZSIC 1993. The substantial increase in the number of subdivisions was driven by improvements made to the international comparability of the classification at this level and the identification of groups of economic activities with significant differences in their production functions at higher levels of the classification. Considerable change has also occurred at the lower levels of the classification.

1.39 Appendix 3 examines in more detail the changes that have occurred between the 1993 and 2006 editions of the ANZSIC.

ANZSIC 2006

1.40 The new divisional structure for ANZSIC 2006 is as follows:

| <i>Division</i> | <i>Title</i> |
|-----------------|---|
| A | Agriculture, Forestry and Fishing |
| B | Mining |
| C | Manufacturing |
| D | Electricity, Gas, Water and Waste Services |
| E | Construction |
| F | Wholesale Trade |
| G | Retail Trade |
| H | Accommodation and Food Services |
| I | Transport, Postal and Warehousing |
| J | Information Media and Telecommunications |
| K | Financial and Insurance Services |
| L | Rental, Hiring and Real Estate Services |
| M | Professional, Scientific and Technical Services |
| N | Administrative and Support Services |
| O | Public Administration and Safety |
| P | Education and Training |
| Q | Health Care and Social Assistance |
| R | Arts and Recreation Services |
| S | Other Services |

1.41 Chapter 6 describes the numbering system used in the classification and lists the ANZSIC codes and titles. Chapter 7 lists the definitions of each of the ANZSIC Divisions. Chapter 8 provides the full, detailed ANZSIC 2006 classification, with descriptions of all of the ANZSIC classes and lists of primary activities and exclusions for each class. Chapter 9 includes an alphabetic index of the primary activities identified with the corresponding ANZSIC codes.

IMPLEMENTATION OF
ANZSIC 2006

1.42 Implementation of a new edition of a major classification, such as the ANZSIC, poses a number of significant issues for statistical agencies and users of the statistics. Business registers need to incorporate the new classification, statistical collections need to be redesigned and new outputs produced, and consideration needs to be given to backcasting statistical series on the new basis.

1.43 These activities are costly and pose some risks to the normal operations of the statistical agencies and users of industry classification structures. Implementation of the changes needs to be well coordinated across the time series involved and the changes need to be effectively communicated to users.

1.44 Implementation of ANZSIC 2006 will therefore take considerable time. While the review was completed in December 2004, further time was needed for development of the necessary tools to support its implementation, including this publication. There will be a progressive release of statistics on the new basis from 2007 onwards. Users will be kept informed about the implementation of ANZSIC 2006 through separate information releases issued by both agencies.

ANZSIC PRODUCTS AND SERVICES

1.45 Correspondences (or concordances) between ANZSIC 2006 and ANZSIC 1993 are shown in Chapter 10, together with correspondences between ANZSIC 2006 and ISIC Rev. 3.1.

1.46 A range of other ANZSIC products and services are available for external users to assist with the correct classification of businesses. These include the computer assisted coders and the ANZSIC class change tables. These are available to users from the ABS and Statistics NZ web sites, <www.abs.gov.au> and <www.stats.govt.nz> respectively.

FURTHER INFORMATION

Australia

1.47 For more information about the ANZSIC and its associated products and services, contact ABS, PO Box 10, Belconnen, ACT 2616 or contact ABS National Information and Referral Service:

Phone: 1300 135 070

E-mail: client.services@abs.gov.au

ABS web site: <www.abs.gov.au>

New Zealand

1.48 For more information about the ANZSIC and its associated products and services, contact Statistics NZ, P.O. Box 2922, Wellington or contact Statistics NZ's Information Centre:

Phone: 0508 525 525 (toll free in New Zealand)

+64 4 931 4600 (outside of New Zealand)

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Statistics NZ web site: <www.stats.govt.nz>